



HECAT Information Session

May 4 & 5, 2021

Agenda



Why outcomes-based funding?



Model development background & process



Outcomes



Disbursement Schedule



Questions

Funding Structure Change

- Outcomes foster improvement and further best practices
- Outcomes provide value and opportunity for redefining homebuyer services
- Outcomes tell us about the change that occurred and paint a picture as to how a program might have impacted participants lives on a broader scale

Background



What does success look like



Achievable benchmarks



Transition

Funding Structure

- 2 – 4 outcomes per program area
- Must achieve each outcome for the program area to receive program area performance funding

Funding	Proposed Award
Base	80%
Meets Performance Meets expectations outcomes	20%
Award	100%
Exceeds Performance Exceeds expectations outcomes	20%

Funding Structure – One Year Example

\$75,000 Award – 3 Program Areas		Requirements	Final Funding Amount
Base	\$60,000	Meet reporting and service delivery requirements	\$60,000 Met all requirements
Meets Expectations	up to \$15,000	Performance on outcomes	\$15,000 Achieves outcomes for 3 Program Areas
Exceeds Expectations	up to \$15,000	Performance on outcomes	\$10,000 Achieves outcomes for 2 Program Areas
Funding Amount	up to \$90,000		\$85,000

Homebuyer Education

Outcomes	Meets Expectations	Exceeds Expectations
Clients attend homebuyer education prior to signing a purchase agreement	55% of clients	75% of clients
Clients who participate in homebuyer education prior to having a purchase agreement also participate in financial wellness or homebuyer advising	55% of clients	75% of clients
Clients demonstrate increased knowledge in the homebuying process.	75% of clients	95% of clients
Organization demonstrates support of BIPOC households	Proportion of BIPOC households served equals the median number of BIPOC renters in service area.	Proportion of BIPOC households served exceeds the median number of BIPOC renters in service area by 20%.



Minnesota BIPOC Renter Households by County

- Use midpoint of county medians for service area
- Example using American Communities Survey in RFP
- Update using 2020 census and include in contract

	% of BIPOC Renter Housing Units
STATEWIDE (Median)	14.7
METRO (Median)	26.9
BY COUNTY (Median):	
<i>Aitkin</i>	8.8
<i>Anoka</i>	25.5
<i>Becker</i>	18.5
<i>Beltrami</i>	35.7
<i>Benton</i>	20.4
<i>Big Stone</i>	4.8
<i>Blue Earth</i>	16.5
<i>Brown</i>	18.5
<i>Carlton</i>	16.8
<i>Carver</i>	15.6
<i>Cass</i>	31.7
<i>Chippewa</i>	17.1
<i>Chisago</i>	4.5
<i>Clay</i>	19.9

Financial Wellness

Outcomes	Meets Expectations	Exceeds Expectations
Clients improve their mortgage readiness score	75% of clients	95% of clients
Clients indicate increased comfort in working with an advisor to reach long-term homeownership goals	75% of clients	95% of clients
Organization demonstrates support of BIPOC households	Proportion of BIPOC households served equals the median number of BIPOC renters in service area	Proportion of BIPOC households served exceeds the median number of BIPOC renters in service area by 20%.

Homebuyer Advising

Outcomes	Meets Expectations	Exceeds Expectations
Clients participating voluntarily obtain a purchase agreement within 6 months of participating in a counseling sessions	50% of clients	70% of clients
Clients demonstrate increased confidence in ability to navigate the homebuying process	75% of clients	95% of clients
Organization demonstrates support of BIPOC households	Proportion of BIPOC households served equals the median number of BIPOC renters in service area	Proportion of BIPOC households served exceeds the median number of BIPOC renters in service area by 20%.

Home Equity Conversation Mortgage Counseling

Outcomes	Meets Expectations	Exceeds Expectations
Clients indicates a basic understanding of HECM and alternatives	75% of clients	95% of clients
Clients indicate an increased confidence in making a decision about their mortgage financing	75% of clients	95% of clients

Foreclosure

Outcomes	Meets Expectations	Exceeds Expectations
Clients participate in services before they are 90 days late on their mortgage or other payments threatening their housing stability (e.g. HOA dues, property taxes, etc.)	35% of clients	55% of clients
Clients avoid foreclosures	65% of clients	85% of clients
Clients report increased confidence in being able to understand and make a decision about their housing	75% of clients	95% of clients
Organization demonstrates support of BIPOC households	The percent of BIPOC households served avoiding foreclosure equals the percent of white households served avoiding foreclosure, e.g. 55% of white households avoid foreclosure and 55% of BIPOC households avoid foreclosure.	Not applicable

Tentative Annual Disbursement Schedule

October 2021	April 2022	October 2022	October 2022	Monitoring Completed, if applicable
<ul style="list-style-type: none">• Contract Execution 40% (Base)	<ul style="list-style-type: none">• Mid-year 35-40% (Base)	<ul style="list-style-type: none">• Meets Expectations up to 20% (Performance)	<ul style="list-style-type: none">• Exceeds Expectations up to 20% (Performance)	<ul style="list-style-type: none">• 5% (Base)

